

SKF

1953

**ANNUAL REPORT
OF
AKTIEBOLAGET
SVENSKA KULLAGERFABRIKEN
(THE SWEDISH BALL BEARING COMPANY)
FOR THE FORTYSEVENTH FISCAL YEAR
ENDED
31st DECEMBER 1953**

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(THE SWEDISH BALL BEARING COMPANY)

FOR THE FORTYSEVENTH FISCAL YEAR

ENDED

31st DECEMBER, 1953

GENERAL MEETING
TO BE HELD AT THE OFFICES OF
SKANDINAVISKA BANKEN IN GOTHENBURG
14.30 p. m. ON MONDAY, 31st MAY, 1954

AKTIEBOLAGET SVENSKA KULLAGERFABRIKEN

HEAD OFFICE — GOTHENBURG

1953

DIRECTORS

HARALD HAMBERG (Chairman)	Gothenburg
JACOB WALLENBERG (Vice-Chairman)	Stockholm
ERIK WETTER	Stockholm
SVERRE R:son SOHLMAN	Karlskoga
RAOUL NORDLING	Paris
PETER K:son MARK	Gothenburg
JOEL LARSSON	Gothenburg

DEPUTIES

EINAR GLIMSTEDT	Gothenburg
INGE STENBERG	Gothenburg

EXECUTIVE MANAGEMENT

JOEL LARSSON, Managing Director
INGE STENBERG, Vice Managing Director

AUDITORS

HAKON LEFFLER
EDVARD STENBERG
ALFRED WIGELIUS
ERIK RÖDJER

BANKERS

SKANDINAVISKA BANKEN AKTIEBOLAG	Gothenburg
STOCKHOLMS ENSKILDA BANK AB	Stockholm



HARALD HAMBERG

Mr. Harald Hamberg, Chairman of the Board of Directors, died on the 7th February, 1954, after 40 years' service in the SKF Organization.

Even early in his career Harald Hamberg carried out tasks of the greatest importance to our Organization, and with his creative genius did much to ensure the steady expansion of the SKF Organization outside Sweden. As Head of our German Associate Company, Vereinigte Kugellagerfabriken AG, from 1932 to 1941, he had ample opportunity of demonstrating not only his outstanding qualities as a leader and his remarkable business talents, but, more especially, his great ability as a negotiator. His efforts during these years were of vital importance to SKF. Harald Hamberg was Managing Director of our Company from 1941 until the Annual General Meeting in 1953. Many were the difficult problems he had to face throughout this period, not only during the war, but also during the post-war period. His imperturbable calm, his wide experience and his great ability enabled him to surmount all these difficulties, and when at the Annual General Meeting in 1953 he relinquished his position as Managing Director to succeed Sven Wingquist as Chairman of the Board of Directors, he could look back with justifiable satisfaction upon his long years of endeavour, which had brought so much success to the Company.

All employees of the Company will long remember with gratitude the support and help given by Harald Hamberg, and in particular his constant understanding, his humanity and his friendship.

REPORT OF THE BOARD OF DIRECTORS ON THE COMPANY'S ACTIVITIES IN 1953

The Board of Directors, referring to the attached Profit and Loss Account and Balance Sheet, submits the following report for the year 1953.

In the Available Surplus Account there remained at the beginning of 1953 an amount of	Kr. 81,702,683:—
Operations in 1953, after providing for depreciation on plant and properties etc. with	
Kr. 11,648,596: 79, setting aside Kr. 19,000,000:— for taxes and Kr. 2,600,000:—	
for investment tax and transferring Kr. 3,000,000:— to the Pensions Fund for	
salaried employees, have resulted in a net profit of	» 26,923,506: 80
The total available surplus at the disposal of the Shareholders' Meeting therefore	
amounts to	<u>Kr. 108,626,189: 80</u>
The Board of Directors proposes	
that a dividend of Kr. 12:— per share and a bonus of Kr. 3:— per share be paid	
on coupon No. 44	Kr. 23,400,000:—
and that the remainder be left in the Available Surplus Account	» 85,226,189: 80
	<u>Kr. 108,626,189: 80</u>

The balance of unpaid taxes, Kr. 6,708,538: 97, will suffice to cover all unpaid state and municipal taxes in respect of the Company's operations up to and including the year 1953, and also the calculated investment tax for 1953. As in previous years, this account includes tax and interest on tax on the trade equalization funds.

In the balance sheet and accounts here submitted, the disposal of the surplus has been made as proposed by the Board of Directors, subject to the shareholders' approval.

The following amounts have gone to workers and other employees, the Government, municipalities, and shareholders:

In 1952 (thousands of kronor)		In 1953 (thousands of kronor)
104,680 67 0/0	To workers and other employees as wages, salaries, etc.	103,928 69 0/0
—	To the pensions fund for employees	3,000 2 0/0
28,000 18 0/0	To the Government and municipalities as taxes	21,600 14 0/0
23,400 15 0/0	To shareholders as dividends and bonus	23,400 15 0/0
<u>156,080 100 0/0</u>		<u>151,928 100 0/0</u>

The total sales from the Swedish factories during 1953 amounted to Kr. 280,804,558: 29, which means a decrease of approx. 5 0/0 in comparison with the figure for the previous year. This decrease affected export and domestic sales equally. Export deliveries are still being hampered by difficulties prevailing in many countries in obtaining import licenses and payment permits. The price competition mentioned in last year's report has become keener and, together with restrictions imposed on international trade, has contributed to the decrease in profit for 1953 as compared with 1952.

Of the Company's sales during 1953 of ball and roller bearings and appurtenant parts from the factories in Gothenburg and Katrineholm, 64 % represented export sales, and 36 % domestic sales. Of the total sales (including steel from Hofors), 69 % were export, and 31 % domestic sales, i.e. the proportions were exactly the same as in 1952.

The export of Hofors steel decreased slightly during 1953, as also did the deliveries to Swedish customers. The quantity of steel rolled during 1953 was 113,155 tons (in 1952 — 110,785 tons), and the deliveries of finished material amounted to 87,238 tons (in 1952 — 93,228 tons).

The Company's orders on hand at December 31st for each of the years 1944—1953 have been as follows:

1944	Kr.	42,000,000	1949	Kr.	153,600,000
1945	»	74,200,000	1950	»	179,400,000
1946	»	155,500,000	1951	»	289,200,000
1947	»	190,000,000	1952	»	210,800,000
1948	»	187,000,000	1953	»	131,900,000

The amount of orders received was poor in the first months of 1953 but increased successively later in the year. The production of the Gothenburg works was maintained on the 1952 level during the first half of 1953 but gradually diminished in the latter half, so that the average for 1953 was somewhat lower than for 1952. By refraining from filling vacancies occurring in the normal course of events, a corresponding reduction in the number of workers employed took place, without any dismissals being necessary. A certain number of workers were, however, dismissed from the Katrineholm works, as the demand for foundry products shrank substantially. At the Lidköping works, a few dismissals were necessary.

MANUFACTURING COMPANIES ABROAD

The extension of the factories in the USA decided upon in 1950 was practically completed, and the capacity of the factories was thus considerably increased. Sales could not be increased correspondingly during the year, but were somewhat larger than in 1952.

The production capacity of the British company was fully utilized, and sales were on a par with production.

The French company increased its capacity somewhat, especially with regard to taper roller bearings and rollers. Sales also went up in comparison with the 1952 figure, and the margin of profit was satisfactory.

The German company continued the re-erection of their plants and the rationalization of their production. Sales were slightly lower than in 1952. In 1953, the company was transformed to a G.m.b.H., and its name was correspondingly changed from "Vereinigte Kugellagerfabriken AG" to "SKF Kugellagerfabriken G.m.b.H."

The erection and equipment of the Canadian factory was completed, and the production increased quite considerably.

The Veenendaal factory in Holland was completed in 1953, and production started.

PLANT AND PROPERTIES IN SWEDEN

New buildings were erected and modernizations effected during the year at a total net cost of 39,1 million kronor (1952 — 27,9 million kronor).

The first part of the new office building in Gothenburg, mentioned in last year's report, was practically completed, and is expected to come into use this summer. Work on an oil storage installation was started, and certain sections of the plant were re-grouped.

At Hofors, the extension of buildings at Vingesbacke mine continued, and mining on a larger scale is calculated to begin towards the end of the current year. The extension of the concentration plant is being continued, as well as the erection of the building for the production of sponge iron and a pelletizing plant. The erection of a coke sorting plant was started. The driving machinery for the blooming mill and that for a press in the tube mill were completed.

At Katrineholm, an additional high-frequency furnace was installed and put into use, and a new department for steel castings was set up.

At the Lidköping works, a small extension of the foundry, intended for the issue of patterns and for housing a power plant, began to be erected, and a large installation for preparing sand for the foundry was made.

The Lidköping factory in Stockholm, which has been leased out for several years, was sold.

As in previous years, considerable additions and modernizations of plant and machinery were carried out at all the Swedish factories.

SHAREHOLDINGS

No change of importance took place during 1953 in the Company's shareholdings.

ACCOUNTS RECEIVABLE

As mentioned in last year's report, certain accounts receivable increased during 1952, owing to credits extended to subsidiary companies for procuring machines, etc. This continued, to a certain extent, during 1953, and corresponding reserves were provided in view of the general situation.

INVENTORIES

The inventories have been booked according to principles of valuation similar to those used last year. Finished and semi-finished products have been booked at very conservative values, and can be sold at a profit at the prices ruling in December 1953. All raw material and manufacturing supplies have been booked on a similar basis.

BONDS AND OTHER SECURITIES

This heading chiefly comprises Krängede Aktiebolag's bonds and notes. A municipal loan of Kr. 5,000,000:—, which existed at the beginning of 1953, was redeemed later in the year.

CASH AT BANKS AND IN HAND

As shown in the Balance Sheet, this heading includes an amount of Kr. 5,034,948:54, deposited in blocked accounts with Sveriges Riksbank. Of this amount, Kr. 4,544,848:54 was refunded at the beginning of 1954. All other amounts included under this heading are on current or deposit accounts with the Company's usual bankers, or represent cash in the Company's safes.

PENSIONS FUND AND PROVISIONS FOR EMPLOYEES

The amount deposited by the SKF Pensions Fund for Employees was increased by Kr. 3,000,000:—, to be set aside for this purpose according to the proposal of the Board of Directors, and diminished by approximately Kr. 800,000:—, which amount the board of the fund succeeded in placing at an advantageous rate of interest.

THE COMPANY'S OWN CAPITAL

The following table shows how the Company's own capital, paid in by the shareholders or left in the business, has been invested. The proposed dividend and bonus for the year, shown amongst the liabilities in the Balance sheet, has, in this table, been included in the Company's own capital.

Amounts paid in and credited:

Share capital	Kr. 130,000,000:—
Reserve fund	» 15,860,000:—
	<u>Kr. 145,860,000:—</u>

Profits left in the business and credited:

Share capital	Kr. 26,000,000:—
Reserve fund	» 15,340,000:—
Plant renewal fund	» 50,000,000:—
Trade equalizations accounts	» 9,850,000:—
Insurance funds	» 4,993,128: 44
Surplus (including proposed dividend and bonus)	» 108,626,189: 80
	<u>Kr. 214,809,318: 24</u>
Total of the Company's own capital	<u>Kr. 360,669,318: 24</u>

This has been invested as follows:

Working capital:

Current assets	Kr. 328,623,826: 47
Liabilities (excluding proposed dividend and bonus)	» 121,745,377: 52
	<u>Kr. 206,878,448: 95</u>
Plant and properties (net after depreciation)	» 74,930,417: 11
Shares, participations, etc.	» 76,129,780: 40
Accounts receivable of a permanent nature	» 2,240,043: 94
Deferred charges	» 490,627: 84
	<u>Kr. 360,669,318: 24</u>

The Company's share capital, amounting to Kr. 156,000,000:— (nominal value per share Kr. 100:—), consists of:

A-shares	Nom. value	Kr. 91,167,000:—
B-shares	» » »	62,218,800:—
» , not free	» » »	2,614,200:—
	<u>Nom. value</u>	<u>Kr. 156,000,000:—</u>

Of the Company's shares, the A-series and the whole B-series are quoted on the Stockholm Stock Exchange, the whole B-series on the London Stock Exchange, and the free B-shares on the Paris and Geneva Stock Exchanges.

DIVIDENDS

As shown in the Profit and Loss Account, the dividends received during 1953 amounted to approximately 4,9 million kronor (1952 — 8,9 million kronor).

The usual dividends were received from the British and French companies. The liquidity of the American company, although it improved somewhat during 1953, was rather strained by the plant extensions, and no dividend for 1953 has therefore been declared. As regards the German company, the re-erection of the works still in progress has practically consumed the available cash, and therefore that company has not either declared a dividend.

DEPRECIATION ON CAPITAL ASSETS

Depreciation on property, machinery, etc. amounted to Kr. 11,648,596: 79 (1952 — Kr. 17,630,593: 45), and is specified on page 16. In view of the taxation regulations in force, depreciation on machinery, tools, furniture, etc. acquired during 1952 and 1953 has been made at the rate of 20% of the cost. Full depreciation has previously been made on assets of this nature procured before the year 1952. Depreciation on buildings etc. has been made in accordance with the usual principles.

Shares and participations have been written down by Kr. 292,744: —, as shown in the Profit and Loss Account.

SALARIES AND WAGES

Average number of workers in Sweden during 1953	7,923
Average number of other employees during 1953	<u>2,261</u>
	10,184

Total amount of salaries, wages and remunerations:

To members of the Board, managing directors, and other officials of the Company	Kr. 1,686,395: 12
To workers	» 73,920,838: 36
To other employees	» 28,320,880: 34
	<u>Kr. 103,928,113: 82</u>

CONSOLIDATED ACCOUNTS

The consolidated accounts have been made up in accordance with the same principles as previously, and all companies belonging to the Concern have been included, except two small sales companies from which reliable information has not been received, owing to the prevailing conditions.

The capital assets have been converted at rates of exchange not exceeding the average rates ruling during the years when they were acquired, and the current assets, on the basis of the rates or quotations ruling at the turn of the year 1953/1954.

The surplus of the Concern amounts to Kr. 236,103,692, deduction having been made for the proposed dividend and bonus to the Parent Company's shareholders and for profits allocated to minority shareholders in the other companies.

The Concern's sales to outside customers in all countries during the year reached the figure of Kr. 1,074,418,033, all inter-company sales having been deducted.

The total net income of the Concern in 1953, before depreciation and taxes, amounted to	Kr. 250,815,816
Depreciation on buildings, machinery, etc.	Kr. 50,628,131
Reserved for taxes	<u>» 122,112,932</u> » 172,741,063
Net profit for 1953	Kr. 78,074,753

The minority shareholders in affiliated companies will participate

in the net profits with	Kr. 6,050,441
Transferred to Reserve and Debt-regulation Funds	» 1,911,415
and to Special Funds and Reserves	» 8,524,211
	<u>Kr. 16,486,067</u>
Out of the balance	Kr. 61,588,686
the Board has proposed that a dividend of Kr. 12:— and a bonus of Kr. 3:—, amounting	
to	» 23,400,000
be paid on the Share Capital of the Parent Company, leaving the remainder	<u>Kr. 38,188,686</u>
to be carried over to the Surplus Account.	

APPROPRIATIONS FOR SOCIAL PURPOSES STEPS TAKEN WITH REGARD TO HOUSING, ETC.

On the occasion of Dr. Sven Wingquist's decease in the spring of 1953, the Board decided to set aside Kr. 500,000:— for a scholarship trust called "Sven Wingquists Minnesfond".

The Board further assigned Kr. 200,000:— to purposes beneficial to the workers and other employees at the Swedish factories.

The need for acquiring housing for workers and other employees has diminished, as was anticipated in last year's report. In connection with the completion of previously planned buildings, the subsidizing of housing continued, however.

The number of subsidies and the amounts paid out during 1953 and since the start of these activities are as follows:

	1953		Total since start of activities	
	Number of subsidies	Amount Kr.	Number of subsidies	Amount Kr.
Gothenburg	85	173,537	843	1,759,723
Katrineholm	39	91,750	129	291,932
Hofors	75	342,388	955	2,619,129
LMV	12	10,696	179	204,518
Total	<u>211</u>	<u>618,371</u>	<u>2,106</u>	<u>4,875,302</u>

The number of persons employed in all the Swedish factories and offices of the Company on April 1st, 1954, as compared with January 1st, 1953, was as follows:

	Workers		Other employees		Total	
	1/4-54	1/1-53	1/4-54	1/1-53	1/4-54	1/1-53
Gothenburg	4,048	4,505	1,587	1,616	5,635	6,121
Hofors	2,654	2,672	472	458	3,126	3,130
Katrineholm	881	1,008	205	218	1,086	1,226
Total SKF	7,583	8,185	2,264	2,292	9,847	10,477
LMV and others	488	557	190	196	678	753
Total	<u>8,071</u>	<u>8,742</u>	<u>2,454</u>	<u>2,488</u>	<u>10,525</u>	<u>11,230</u>

During the past months of 1954, the total of orders received has been considerably larger than in the corresponding months of last year. Certain signs seem to indicate that the large stocks that limited customers' inclination to buy in the beginning of 1953 are now losing their effect in this respect. The demand for short delivery times is still very strong both in Sweden and abroad. It is encouraging to find that the demand on the Swedish market has increased considerably. Import restrictions and difficulties in obtaining payment permits are obstructing trade and make it extremely difficult to estimate the prospects with any degree of certainty. Orders received by the British, French, and German companies during the first months of 1954 were very satisfactory and kept these companies well occupied. Even at the Swedish factories, the amount of orders received during the first months of the year and of orders still undelivered seems to justify the expectation that it will be possible to maintain the present level of production during the immediate future.

The Company wishes to express its sincere thanks to all employees for their good work during the past year and for their unceasing loyalty and their interest in the Company and its objectives.

Gothenburg, April 2nd, 1954.

J. Wallenberg

E. Wetter

Sverre R:son Sohlman

Raoul Nordling

Peter K:son Mark

Joel Larsson
Managing Director

Einar Glimstedt

AKTIEBOLAGET SVENSKA KULLAGERFABRIKEN

PROFIT AND LOSS AND SURPLUS ACCOUNTS for 1953

1952		Kr.
Kr. 295,996,082: 24	NET SALES	280,804,558: 29
73,702,618: 31	GROSS PROFIT	64,558,454: 37
4,178,283: 24	Less: General administrative expenses	3,740,902: 26
16,499,946: 01	Other commercial expenses	16,373,489: 72
20,678,229: 25		20,114,391: 98
53,024,389: 06	Balance	44,444,062: 39
5,484,573: 02	Sundry losses on dwelling houses etc., including transfers	4,920,647: 10
47,539,816: 04	Total net income from manufacture and selling before providing for taxes	39,523,415: 29
	OTHER INCOME:	
8,561,212: 34	Dividends from Subsidiary Companies	4,568,050: 38
293,176: 36	Other dividends	350,906: —
957,166: 26	Interest from Subsidiary Companies	1,756,524: 92
6,383,023: 34	Other interest	5,623,043: 02
493,220: 16	Profit on sales of capital assets	64,854: 78
1,793,992: 90	Sundry income	1,833,056: 53
18,481,791: 36		14,196,435: 63
66,021,607: 40	Total income for the year 1953	53,719,850: 92
	Less: Reserved for taxes (including investment tax Kr. 2,600,000: —)	21,600,000: —
28,000,000: —	Interest to Subsidiary Companies	4,803: 29
4,801: 87	Other interest expense	1,533,211: 07
1,598,149: 72		23,138,014: 36
29,602,951: 59	Net income for the year 1953	30,581,836: 56
36,418,655: 81	Less: Provision for pensions for salaried employees	3,000,000: —
—	Depreciation on shares in Subsidiary Companies	89,015: —
865,750: 65	Depreciation on other shares	203,729: —
50,003: —	Sundry other amounts not connected with the year's operations	365,585: 76
177,390: 29		3,658,329: 76
1,093,143: 94	NET PROFITS FOR 1953	26,923,506: 80
35,325,511: 87	Dividend on Coupon No. 44 as proposed by the Board of Directors	18,720,000: —
18,720,000: —	Bonus on Coupon No. 44 as proposed by the Board of Directors	4,680,000: —
4,680,000: —		23,400,000: —
23,400,000: —	Balance carried over to Surplus Account	3,523,506: 80
11,925,511: 87	Balance in Surplus Account at 31st December, 1952	81,702,683: —
69,777,171: 13	SURPLUS 31st December, 1953 as proposed by the Board of Directors	85,226,189: 80
81,702,683: —	Depreciation for the year (page 16)	11,648,596: 79
17,630,593: 45		

J. Wallenberg

E. Wetter

Sverre R:son Sohlman

Raoul Nordling

Peter K:son Mark

Joel Larsson
Managing Director

Einar Glimstedt

Referring to our certificate of to-day's date we hereby certify that the above Profit and Loss Account agrees with the Company's books, which we have audited.

Gothenburg, April 26th, 1954.

Hakon Leffler

Edvard Stenberg

Alfred Wigelius

Erik Rödjer

AKTIEBOLAGET SVENSKA

BALANCE SHEET,

1952		Kr.
Kr.	CAPITAL ASSETS:	
251,986,187: 86	Plant and Properties (page 15)	291,103,107: 68
206,503,529: 77	Less depreciation (page 15)	216,172,690: 57
45,482,658: 09		74,930,417: 11
66,993,187: 07	Shares in Subsidiary Companies	67,348,569: 62
8,781,209: 78	Other shares	8,781,210: 78
75,774,396: 85		76,129,780: 40
950,000: —	Accounts receivable from Subsidiary Companies ...	950,000: —
1,050,531: 02	Other accounts receivable	1,290,043: 94
2,000,531: 02		2,240,043: 94
123,257,585: 96		153,300,241: 45
558,329: 54	DEFERRED CHARGES	490,627: 84
	CURRENT ASSETS:	
58,433,596: 23	Inventories	59,315,091: 31
30,302,306: 62	Accounts receivable from Subsidiary Companies ..	30,553,609: 54
	Other accounts receivable (Including Kr. 70,113: 08 as per the	
29,622,598: 52	Swedish Companies Act § 101 mom. 4)	24,635,682: 21
221,980: 99	Shares (Kr. 318,600: — par value treasury shares included at no value)	213,106: 04
9,564,000: —	Bonds and other securities	4,608,755: 98
352,131: 77	Acceptances receivable	183,053: 87
	Cash at Banks and in Hand (Including Kr. 5,034,948: 54	
212,685,467: 36	on blocked account with Sveriges Riksbank)	209,114,527: 52
341,182,081: 49		328,623,826: 47
<u>464,997,996: 99</u>		<u>482,414,695: 76</u>

E. Wetter J. Sverre
Peter K:son Mark Joel Managing

KULLAGERFABRIKEN

31st DECEMBER, 1953

1952		Kr.
156,000,000: —	SHARE CAPITAL	156,000,000: —
31,200,000: —	RESERVE FUND	31,200,000: —
SPECIAL FUNDS AND RESERVES:		
4,560,614: 82	Insurance funds	4,993,128: 44
9,850,000: —	Trade equalisation accounts	9,850,000: —
50,000,000: —	Plant renewal fund	50,000,000: —
64,410,614: 82		64,843,128: 44
LONG TERM LIABILITIES:		
Pension provision for workers:		
26,723,704: 59	Balance 1st Januari, 1953	27,128,662: 80
404,958: 21	Increase during 1953	366,148: 07
27,128,662: 80	Balance 31st December, 1953	27,494,810: 87
2,851,720: 50	Due to pension fund for salaried employees	5,033,951: 19
2,117,791: 89	Due to special fund for employees	2,122,593: 18
8,217,385: 16	Other long term liabilities	7,893,530: 74
40,315,560: 35		42,544,885: 98
SHORT TERM LIABILITIES:		
1,628,830: 27	Unpaid dividends and repayment of capital	1,359,923: 94
22,021,634: 17	Accounts payable to Subsidiary Companies	31,584,863: 41
658,351: 08	Unpaid taxes	6,708,538: 97
43,660,323: 30	Other accounts payable	39,547,165: 22
18,720,000: —	Dividend on Coupon No. 44 as proposed by the Board of Directors	18,720,000: —
4,680,000: —	Bonus on Coupon No. 44 as proposed by the Board of Directors	4,680,000: —
91,369,138: 82		102,600,491: 54
81,702,683: —	SURPLUS (page 16)	85,226,189: 80
464,997,996: 99		482,414,695: 76
34,508,172: 19	Contingent liabilities	37,419,567: 71
109,273: 10	Acceptances discounted	35,949: 83
185,580: 86	Securities pledged	186,890: 15
1,121,689: 29	Pensions paid in 1953 not charged to Provision for pensions (Including Kr. 181,641: 57 as per commitments)	1,223,210: 03

Wallenberg

R:son Sohlman

Raoul Nordling

Larsson
Director

Einar Glimstedt

Referring to our certificate of to-day's date we hereby certify that the above Balance Sheet agrees with the Company's books, which we have audited.

Gothenburg, April 26th, 1954.

Hakon Leffler

Edvard Stenberg

Alfred Wigelius

Erik Rödger

PLANT AND PROPERTIES

1953

Book value 1952 Kr.		Assessed value Kr.	Fire Insurance value Kr.	Book value Kr.
2,106,056: 98	Agricultural and forest real estate .	10,683,000: —	41,610,200: —	2,111,524: 98
2,106,055: 98	Less depreciation			2,111,523: 98
1: —				1: —
225,708: —	Mines	—	—	225,707: —
225,707: —	Less depreciation			225,706: —
1: —				1: —
83,600: —	Waterfalls	—	—	83,600: —
83,599: —	Less depreciation			83,599: —
1: —				1: —
97,632,958: 30	Factory property and other real estate	80,785,700: —	168,615,100: —	105,071,371: 34
71,037,884: —	Less depreciation			73,544,954: 20
26,595,074: 30				31,526,417: 14
138,648,156: 94	Machinery, motors, tools, furniture and fixtures, patterns, etc.	—	252,962,500: —	154,681,850: 40
124,663,548: 82	Less depreciation			130,195,161: 91
13,984,608: 12				24,486,688: 49
13,289,707: 64	Construction orders in process	—	26,473,000: —	28,929,053: 96
8,386,734: 97	Less depreciation			10,011,745: 48
4,902,972: 67				18,917,308: 48
251,986,187: 86	Total cost of Plant and Properties ..			291,103,107: 68
206,503,529: 77	Total depreciation			216,172,690: 57
45,482,658: 09				74,930,417: 11

Note: The assessed value of mines and waterfalls is included in the amounts shown for agricultural and forest real estate and for factory property and other real estate respectively.

The assessed value of factory property and other real estate includes a "special machinery value" amounting to Kr. 12,889,750: —.

Buildings booked at a gross value of Kr. 11,240,234: — have not yet been assessed.

Land, mines, waterfalls, paving, tracks, foundation reinforcements, certain furnaces etc. are not insured.

DEPRECIATION

1953

1952		Kr.
<u>Kr.</u>		
3,637,885: 68	Depreciation for the year:	
13,992,707: 77	On factory property and other real estate.....	2,763,765: 29
—	» machinery, motors, tools, furniture and fixtures, patterns, etc.	7,259,820: 99
17,630,593: 45	» construction orders in process	1,625,010: 51
2,367,082: 35	Total depreciation	11,648,596: 79
<u>15,263,511: 10</u>	Less depreciation on retired property	1,979,435: 99
	Net amount	<u>9,669,160: 80</u>

SURPLUS

1953

1952		Kr.
<u>Kr.</u>		
114,229,027: 26	Balance at 31st December, 1952 before transfers as proposed by the Board of Directors	105,102,683: —
18,720,000: —	Distribution decided upon by the Shareholders' Meeting in 1953:	
4,680,000: —	Dividend on Coupon No. 43.....	18,720,000: —
21,051,856: 13	Bonus on Coupon No. 43	4,680,000: —
44,451,856: 13	Transfer to Plant renewal fund	—
69,777,171: 13		<u>23,400,000: —</u>
35,325,511: 87	Net profit for 1953.....	26,923,506: 80
23,400,000: —	Less amount to be disposed of by the Shareholders' Meeting in 1954 as proposed by the Board of Directors	23,400,000: —
11,925,511: 87		<u>3,523,506: 80</u>
<u>81,702,683: —</u>	SURPLUS as per Balance Sheet (page 14)	<u>85,226,189: 80</u>

AKTIEBOLAGET SVENSKA KULLAGER-

CONSOLIDATED BALANCE

1952			
Kr.			
	CAPITAL ASSETS:		
684,679,666	Plant and Properties.....	Kr. 775,683,959	
461,201,202	Less depreciation	502,372,758	
223,478,464		Kr. 273,311,201	
9,493,846	Shares in other Companies	10,716,200	
<u>232,972,310</u>			Kr. 284,027,401
	 DEFERRED CHARGES		
<u>5,169,632</u>			5,524,984
	 CURRENT ASSETS:		
403,705,719	Inventories	Kr. 428,422,970	
136,031,180	Accounts receivable	114,706,933	
10,050,426	Shares, bonds and other securities	5,019,593	
7,454,805	Acceptances receivable	13,971,444	
283,720,550	Cash at Banks and in Hand	266,664,882	
<u>840,962,680</u>			828,785,822
	 1,079,104,622		
			<u><u>Kr. 1,118,338,207</u></u>

Gothenburg,

Joel
Managing

FABRIKEN AND SUBSIDIARY COMPANIES

SHEET, 31st DECEMBER, 1953

1952		
Kr.		
	CAPITAL LIABILITIES:	
156,000,000	Share Capital	Kr. 156,000,000
31,200,000	Reserve Fund	31,200,000
24,571,583	Subsidiary Companies' Reserve Funds and Debt-regulation Funds	26,482,998
61,406,176	Capital and proportion of Reserve Funds and Surplus of Subsidiary Companies not owned	68,413,147
273,177,759		Kr. 282,096,145
173,597,828	SPECIAL FUNDS AND RESERVES	182,122,039
40,000,000	RESERVE FOR EXCHANGE RISKS	40,000,000
	OTHER LIABILITIES:	
35,595,984	Provisions for pensions	Kr. 38,171,223
13,798,174	Bonded debt	20,771,035
110,134,819	Loans and acceptances	98,800,189
139,026,468	Accounts payable	127,849,046
71,009,449	Unpaid taxes	67,361,010
24,849,135	Unpaid dividends as proposed	25,063,828
394,414,029		378,016,331
	SURPLUS:	
168,330,345	Available at beginning of year	Kr. 197,915,006
29,584,661	Net increase during year after allocation of profits (page 10)	38,188,686
197,915,006		Kr. 236,103,692
81,702,683	Out of this amount: Available surplus as per the Parent Company's balance sheet	Kr. 85,226,190
116,212,323	Remainder	150,877,502
197,915,006		236,103,692
1,079,104,622		Kr. 1,118,338,207
26,556,412	CONTINGENT LIABILITIES Kr. 29,845,978	
14,830,765	ACCEPTANCES DISCOUNTED Kr. 13,356,213	

April 1954

Larsson
Director

Note: A transfer of the surplus at the companies abroad is dependent on various regulations and is also subject to additional taxation.

AUDITORS' CERTIFICATE

for 1953

We, the undersigned, duly elected as auditors of AKTIEBOLAGET SVENSKA KULLAGERFABRIKEN, hereby submit the following report for 1953.

In connection with our audit we have examined the Company's accounts and records, the minutes of the Board of Directors and other evidence regarding the Company's financial position and administration.

The stocks of raw materials, shop supplies, semi-finished and finished products on hand as shown by inventories, certified by officials of the Company, have been valued on a conservative basis.

Shares and other securities held in Sweden by the Company have been checked and the insurance policies examined and found to be in order.

The provisions for pensions, shown in the Balance Sheet, have been examined and are in order.

The accounts of the Company have been examined during the year by J. E. Stenbergs Revisionsbyrå AB, authorized public accountants, who have certified that everything is in order.

We have received information regarding the Company's transactions with its subsidiary companies, and a consolidated balance sheet has been prepared, showing the Concern's position at the end of 1953. The consolidated balance sheet is made up on the basis of the balance sheets of the 64 companies belonging to the Concern, most of which are audited by chartered accountants in their respective countries. We have examined the principles followed in the preparation of this consolidated balance sheet and, in our opinion, it should give a correct view of the financial position of the Concern.

The proposal made by the Board of Directors as regards the disposition of the Company's profits has been duly considered by us in connection with our audit of the consolidated balance sheet.

No provisions for the reserve fund or debt-regulation fund are required.

There is no cause for remarks with respect to the reports presented to us, the accounts of the Company, the specification of its assets, or otherwise regarding the administration of the Company. We accordingly recommend that the Shareholders' Meeting resolve:

To approve the balance sheet as per 31st December 1953, duly signed by us,

To dispose of the surplus, Kr. 108,626,189:80, in accordance with the proposal made by the Board of Directors, and

To grant the Board of Directors discharge for their administration during 1953.

Gothenburg, April 26th, 1954.

Hakon Leffler

Edvard Stenberg
Authorized public accountant

Alfred Wigelius

Erik Rödjer